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P. E. MYERS & ASSOCIATES
Practice Before The Interstate Commerce Commission

SUITE 348, PENNSYLVANIA BUILDING
PENNSYLVANIA AVENUE AT THIRTEENTH STREET N. W.
WASHINGTON, D. C. 20004

RECORDATION NO. Filed 1425

MAY 22 1980 - 2 40 PM

(202) 737-2188

INTERSTATE COMMERCE COMMISSION

Registered Practitioners
PAULINE E. MYERS
MARK D. RUSSELL

11832
RECORDATION NO. Filed 1425
MAY 22 1980 - 2 40 PM
INTERSTATE COMMERCE COMMISSION

May 22, 1980

No. 0-143A051
Date MAY 22 1980
Fee \$ 100.00
ICC Washington, D. C.

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, DC 20423

ATTENTION: Recordation Office

IN RE: Lease Agreement dated as of November 1, 1980 and
Lease Agreement dated May 12, 1980

Dear Mrs. Mergenovich:

Attached hereto for recordation is an original copy of the
above noted Lease Agreements. Also attached is one duplicate
copy of each for your files.

- 11831 1. Lease Agreement dated as of November 1, 1980 between:
Genesee & Wyoming Railroad Company, 3846 Retsof Road,
Retsof, NY 14539; and Delaware & Hudson Railway Com-
pany, 40 Beaver Street, Albany, NY 12207.
- 11832 2. Lease Agreement dated May 12, 1980 between:
GWI Leasing Corporation, 71 Lewis Street, Greenwich,
CT 06830; and Genesee & Wyoming Railroad Company,
3846 Retsof Road, Retsof, NY 14539.

Please accept these two documents for recordation. Your co-
operation is greatly appreciated. Check No. 2401 in the amount of
\$100.00 recordation fee is also attached.

Yours very truly,
Pauline E. Myers
Pauline E. Myers

PEM/slt
Attachments

RECEIVED
MAY 22 2 06 PM '80
I.C.C.
FEE OPERATION BR.

Pauline E. Myers
Pauline E. Myers

Interstate Commerce Commission
Washington, D.C. 20423

5/22/80

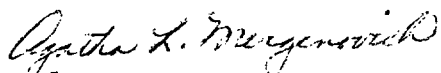
OFFICE OF THE SECRETARY

Pauline E Myers
P.E. Myers & Associates
Suite 348 Pennsylvania Building
Pa. Ave. at 13th St., N.W.
Washington, D.C. 20004

Dear **Ms. Myers:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **5/22/80** at **2:40pm**, and assigned re-recording number(s). **11831 & 11832**

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

11831

RECORDATION NO. Filed 1425

LEASE AGREEMENT

MAY 22 1980 - 2 40 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT made this first day of November, 1979 between GENESEE AND WYOMING RAILROAD COMPANY, a New York corporation, having offices at 3846 Retsof Road, Retsof, New York 14539 ("Lessor") and DELAWARE AND HUDSON RAILWAY COMPANY, a Delaware corporation, having offices at 40 Beaver Street, Albany, New York 12207 ("Lessee").

WHEREAS, the Lessee is desirous of renting and using three Alco Century Model 2000 HP four axle diesel electric locomotives more specifically described in Appendix "A" attached hereto and made a part hereof (the "Locomotives") from the Lessor upon the terms and conditions as hereinafter set forth; and

WHEREAS, the Lessor is desirous of leasing the Locomotives to the Lessee in exchange for rent and Lessee's covenant to provide a certain level of railroad interchange service with Lessor;

WHEREAS, Lessee is desirous of so leasing the Locomotives and providing the said level of service under the understanding that Lessor will employ its best efforts to assist Lessee to obtain New York State funding for additional or alternate track facilities which are expected to facilitate the rendering of such service; provided, however, the failure to obtain financing shall not be deemed a default by either party and shall not otherwise affect the terms and conditions of this Lease Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, the parties agree as follows:

1. Lease. The Lessor agrees to lease to the Lessee and the Lessee agrees to rent from the Lessor the Locomotives for a term of twelve (12) years commencing on the delivery of the Locomotives pursuant to Section 5 hereof.

2. Rent. In consideration for the lease of the Locomotives, the Lessee covenants as follows:

(a) That it shall pay to the Lessor a rent of \$100.00 per annum payable quarterly in advance on the commencement of the term hereof and at each and every quarter thereafter.

(b) That during the term of this Lease Agreement Lessee shall perform railroad interchange service with Lessor at Greigsville, New York, five days in each and every calendar week, unless such schedule is altered from time to time by mutual agreement of the parties; provided, however, that such service shall not be required on any given day on which the combined number of loaded cars to be picked up at Greigsville and empty cars to be delivered at Greigsville is less than 30. As used in this Lease Agreement a "calendar week" shall begin at 12:01 A.M. Monday and end at 11:59 P.M. Sunday.

(c) That it shall use its best efforts to render the service provided in section 2(b) above subject to conditions beyond its control. In the event that such conditions take place, which conditions shall include but will not be limited to strikes, floods, accidents, acts of God and other causes or circumstances beyond its control, Lessee will be excused from rendering such

service for as long as the condition remains in effect, provided Lessee has done whatever is reasonably possible to perform its obligations in such event.

(d) That it shall pay to Lessor as additional rental, payable quarterly as in section 2(a) above, a sum computed by multiplying .0342 by the "Contingencies" needed during the overhaul and remanufacturing of the Locomotives. The "Contingencies," as used herein, are the extra costs passed on to GWI Leasing Corp. necessary to complete the overhaul and remanufacturing process by reason of a Locomotive containing certain components not suitable for exchange or rebuilding: specifically the diesel engine crank shaft, the traction motor armatures and field coils, the main generator armatures and field coils, the auxiliary generators, the exciters and the turbo-charger rotor. Lessor shall provide notice to Lessee of such of the above components not being eligible for exchange or rebuilding within a reasonable period after the same is discovered and brought to Lessor's attention. The Contingencies for each Locomotive shall not exceed \$10,000 for purposes of calculating additional rental under this section 2(d).

3. Work to be performed and Location. The Lessee shall use the Locomotives in a proper and careful manner predominantly for the movement of loaded and empty railroad cars used in salt service. Furthermore, the Lessee shall limit, where practicable, the use of the Locomotives to its normal operations between Buffalo, New York and Mechanicville, New York, provided, however,

that in no event shall the Locomotives be used outside the D&H System. Nothing contained herein shall prevent the use of the Locomotives for other freight service provided an equal number of units are available for salt service as needed.

4. Lessor's access to records and equipment. Throughout the term of this Lease Agreement and any extension thereof Lessor shall be permitted to review and audit records of Lessee in connection with the movement and operation of the Locomotives, including but not limited to train dispatcher sheets, maintenance log sheets, and Locomotive passing reports and any extension thereof. All record keeping performed by Lessee with regard to the Locomotives shall be performed and maintained by Lessee in a form suitable for inspection by Lessor from time to time throughout the term of this Lease Agreement. Lessee shall supply Lessor with such reports regarding the use of the Locomotives as Lessor may reasonably request. Lessor shall have the right to enter on the Lessee's premises at reasonable times for the purpose of observing and recording the movements of the Locomotives and for the purpose of inspecting and examining the Locomotives to insure Lessee's compliance with its obligations hereunder; provided, however, nothing contained herein shall require Lessee to keep records in addition to those it keeps in the ordinary course of its business.

5. Delivery. (a) Lessor will deliver the Locomotives to Lessee on the tracks of the General Electric Company, Apparatus

Service Division, Hornell Transportation Facility, Hornell, New York, after December 31, 1979, and before August 30, 1980; provided, however, Lessor shall be under no obligation to deliver hereunder if the Locomotives have not been delivered to GWI Leasing Corp. (Lessor's lessor) by Itel Corporation pursuant to a certain Overhaul and Remanufacturing Agreement, to be executed. Lessee shall be delivered with not less than five (5) days telegraphic notice by Itel Corporation of the impending tender of delivery of each Locomotive. No title, legal or equitable, will be vested in Lessee, and Lessee will take the Locomotives subject to the rights of all lessors, lenders or the like under all leases and/or financing instruments to which the Locomotives may be subject, including any such rights as may be modified from time to time by any bankruptcy, reorganization, insolvency or moratorium laws, or proceedings thereunder; provided, however, that so long as Lessee is not in default hereunder, Lessor shall have a continuing obligation to furnish Lessee within ninety (90) days locomotives equivalent to those described in Appendix A, or other locomotives acceptable to Lessee, otherwise this Lease Agreement shall terminate. It is the intent of the parties to this Lease Agreement that Lessor shall at all times be and remain the Lessor of the Locomotives and Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

(b) Upon tender by Itel Corporation, each Locomotive shall be subject to inspection and approval by an authorized representative of Lessee and such representative shall be granted reasonable access to the Locomotives. From time to time upon tender of delivery of one or more Locomotives each such Locomotive shall thereupon be presented to authorized representatives of

Lessee for inspection at the place of delivery in Hornell above set forth. Such representatives shall make such inspections as are necessary to accept such Locomotive on the date of tender; and if such Locomotive conforms to the specifications in Appendix A hereto, and to any applicable laws, rules and regulations, including applicable AAR requirements, such authorized representative shall promptly execute and deliver to Lessor, in such number of counterparts or copies as may be reasonably requested, a certificate in the form set forth in Appendix B hereto stating that such Locomotive has been accepted on behalf of Lessee. Such Locomotive shall thereupon be deemed accepted and delivered. On acceptance of each Locomotive for delivery pursuant hereto, Lessee assumes all responsibility and risk of loss or damage thereto, but no such accepted Locomotive may be removed from Hornell by Lessee until all Locomotives have been tendered for delivery.

(c) If there shall be a failure of acceptance by Lessee of any Locomotive upon grounds of noncompliance of such Locomotive with the specifications in Appendix A and such noncompliance shall have been within the scope of the work to be performed by General Electric Company (the "Prime Subcontractor"), such noncompliance claim shall be determined by arbitration substantially similar to the arbitration procedure described below in accordance with the contract between ITEL and the Prime Subcontractor. ITEL shall notify Lessor of the name of the expert selected by the Prime Subcontractor and shall recommend acceptance or rejection thereof and an alternative expert and attorneys; Lessor shall have the right to make the final decision as to the selection of experts

and the final selection of attorneys and shall have the right to direct the prosecution of the arbitration proceeding. The cost of such arbitration and for repairing the claimed noncomplying item shall be paid by Lessee if such noncomplying item is found in such arbitration proceedings to have been in compliance. If such non-complying item shall have been within the scope of Itel's work (as distinguished from that of the Prime Subcontractor), the determination of noncompliance shall be submitted to arbitration as follows: Itel shall select an individual expert from recommendations furnished by the AAR of individuals qualified to determine such noncompliance. The name, affiliations and qualifications of such expert shall be furnished to Lessor, which shall have 7 days to approve or disapprove thereof. If Lessor shall disapprove, Lessor shall nominate an alternate expert from recommendations furnished by AAR. If Itel and Lessor cannot agree within 14 days thereafter, each shall promptly name an expert and the two experts so chosen shall name a third. The decision of the majority of such experts shall be binding. If such item shall be determined to have been in compliance, Lessee shall reimburse Itel for the costs/including reasonable overhead and profit of repairing such item. In the event the Prime Subcontractor or Itel, as the case may be, wins the arbitration, then the cost of the arbitration shall be borne by the Lessee.

6. Inspection. At the time of delivery to Lessee and at the time of return of the Locomotives to Lessor, a joint inspection of the Locomotives shall be conducted by representatives of Lessee and Lessor. Each inspector shall execute a Joint Inspection

Certificate in the forms attached hereto as Appendices "B" and "C". At the time of delivery to Lessee pursuant to Section 5 and as a condition thereto, Lessee shall confirm in writing to Lessor that the Locomotives conform to the specifications agreed to between Lessor and Lessee and to any applicable laws, rules and regulations, including applicable AAR requirements.

7. Condition and operation of Locomotives.

(a) Lessor makes no warranty, express or implied, regarding the Locomotives, except that Lessor warrants that there are warranties of vendors, contractors or subcontractors with respect to the Locomotives, and Lessor hereby assigns all such warranties to Lessee. Copies of such assigned warranties are attached hereto and made a part hereof as Appendix "D". ~~Lessor warrants that it will contract in such manner as to assure the assignability of such warranties to Lessee.~~ Without limiting the generality of the foregoing, Lessor makes no warranty of the Locomotives' merchantability or fitness for the purpose intended by Lessee; and Lessee will, upon delivery, inspect the Locomotives and acquaint itself with the condition and operation thereof. Personnel furnished by Lessee shall be, and Lessee hereby certifies that they are and will be at all times during the term of this Lease Agreement and any extension thereof, fully experienced and qualified to handle, operate or work upon or about the Locomotives. MAFE
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(b) Lessee acknowledges that in no event, whether as a result of breach of contract, warranty or tort (including negligence), shall GWI Leasing Corp., Lessor, Itel or its suppliers or subcontractors be liable for any consequential or incidental damages including, but not limited to, loss of profit or revenues, loss of use of equipment furnished or serviced by Itel or any associated equipment, damage to associated equipment, cost of capital, cost of substitute products, facilities, service or replacement power, down time costs, or claims of customer for such damages. Lessee, upon request of Lessor, shall cooperate in providing to Itel evidence of the foregoing sentence.

(c) The Locomotives are not intended for use in connection with any nuclear facility or activity. If so used and any

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nuclear damage, injury or contamination occurs, Lessor disclaims all responsibility of every kind, and Lessee shall indemnify GWI Leasing Corp. and Lessor from any and all liability for any such damage or contamination whatsoever arising out of any such use, including the negligence of GWI Leasing Corp. or Lessor.

8. Care and maintenance of Locomotives. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Locomotives during the term of this Lease Agreement and any extension thereof, including but not limited to repairs, maintenance, servicing, alterations, modifications and replacement of parts. Lessee covenants that all work done on or to the Locomotives shall be made in good and workman-like manner. Lessee shall make, at its expense, all repairs, maintenance alterations, modifications or replacements of parts as shall be necessary to maintain the Locomotives in good operating condition throughout the term of this Lease Agreement and any extension thereof; provided, however, that no major alterations, modifications or replacements of parts of different specifications from the original parts shall be made without the express written consent of Lessor. Lessee shall at its expense prepare and file with the appropriate authorities all documents relating to the registration, maintenance and record keeping functions involving the Locomotives.

9. Major Overhaul. If, during the term of this Lease Agreement, a Locomotive requires a major overhaul, Lessee shall cause that work to be done at its sole expense. Lessee shall

notify Lessor of the necessity of the overhaul and obtain Lessor's consent in writing to any significant alteration to any existing elements of the particular Locomotive. In the event Lessee decides to have the work of a major overhaul performed by other than its own forces, Lessor shall have the option to bid for the work of such overhaul. If this Lease Agreement terminates for any reason, other than default of Lessee unrelated to its performance obligations under section 2(b) hereof, and a Locomotive is thereupon returned to Lessor within four years of the completion of a major overhaul, then Lessor shall reimburse Lessee for a portion of the reasonable cost of such overhaul in accordance with the following:

<u>Number of Months from date of major overhaul in which Locomotive is returned</u>	<u>Percentage of reasonable cost reimbursed by Lessor</u>
1- 6 months	90%
7-12 "	80%
13-18 "	70%
19-24 "	60%
25-30 "	50%
31-36 "	40%
37-42 "	30%
43-48 "	20%
49-54 "	10%

10. Taxes. Lessee shall be responsible for all taxes for use of or maintenance to the Locomotives. Lessee hereby indemnifies and holds harmless Lessor from any and all such tax, assessment or charge liability and from any cost, penalties or expenses, including legal fees, relating thereto.

11. Liens and Encumbrances. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge lien, charge, encumbrance, or any other secured interest or claim on or with respect to the Locomotives or in the interest

therein. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim if the same shall arise at any time.

12. Insurance. Lessee agrees to maintain insurance for such liabilities and in such amounts and with such limits and deductible amounts as is the customary and usual practice in the industry and will, prior to the delivery of the Locomotives and thereafter upon demand by Lessor, supply to Lessor copies of such insurance policies and evidence satisfactory to Lessor that such policies are in full force and effect. All such insurance shall be taken out in the name of the Lessee and Lessor (or its assignee) as their interest may appear. Lessee further agrees that the coverage afforded the Locomotives will be the same or similar to coverage afforded to its entire fleet of locomotives. Lessee shall notify Lessor in writing regarding any changes in the coverage provided for said Locomotives. A description of the existing coverage is attached hereto, made a part hereof and labeled Appendix "E".

13. Default of Lessee.

(a) The occurrence of any of the following events shall be an event of default of Lessee:

(i) The breach by Lessee of any term, covenant, or condition of this Lease Agreement, including but not limited to Lessee's covenant

to provide interchange service with Lessor of five or more days in each calendar week, which is not cured within seven days after the receipt of a written notice thereof.

(ii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iii) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee which is not dismissed within sixty (60) days thereafter, or the appointment of any receiver or trustee to take possession of the properties of the Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(iv) The subjection of any material portion of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which is not discharged within sixty (60) days.

(v) Breach by Lessee of any term, covenant or condition of a certain supplemental Agreement between Lessor and Lessee of even date herewith which deals with way-billing settlements and related matters.

(b) Upon the occurrence of any event of default, Lessor may, at its option, terminate this Lease Agreement and may

(i) Except as to a default of Lessee's service obligation under Section 2(b) hereof, proceed by any lawful means to enforce performance by Lessee of this Lease Agreement or to recover damages for a breach thereof, or

(ii) By notice in writing to Lessee, terminate Lessee's right of possession and use of the Locomotives, whereupon all right and interest of Lessee in the Locomotives shall terminate; thereupon Lessor may require Lessee to return the Locomotives to Lessor at Greigsville, New York; and in the event Lessee shall refuse to so return the Locomotives, Lessor may enter upon any premises where the Locomotives may be located and take possession of them and henceforth hold, possess and enjoy the same free of any right of Lessee.

(iii) The provisions of Subparagraph (i) hereof notwithstanding, in the event of breach

by Lessee of its service obligation pursuant to Section 2(b) hereof, Lessor may, at its option, (x) terminate the Lease Agreement and exercise its rights under sub-paragraph (ii) above or (y) notify Lessee in writing of Lessee's default hereunder and that Lessee shall immediately begin to pay a rental of \$168.00 per Locomotive per day. Such daily rental shall be paid quarterly in advance throughout the remaining term of this Lease Agreement, unless the Locomotives have returned to Lessor under the termination provision below in (n) of this section. All terms and conditions of this Lease Agreement shall remain in full force and effect except that (k) Lessee shall have no further service obligation under Section 2(b), (l) Lessee shall not be obligated to pay additional rental under Section 2(d), (m) if, during the period in which Lessee is paying rental of \$168.00 per Locomotive per day, Lessee deems it necessary to perform a major overhaul to keep the Locomotive(s) in good running condition, and Lessor subsequently terminates the Lease Agreement under the provision of (n) below, Lessor shall reimburse Lessee for the major overhaul as provided for in the schedule of Section 9, and (n) Lessor may terminate the Lease Agreement as to one or more of the Locomotives on thirty (30) days written notice to Lessee. In such event, the rental paid in advance shall be prorated on a daily basis to determine any necessary refund.

Lessee agrees to bear Lessor's cost and expenses, including reasonable attorney's fees, in securing the remedies hereinabove

set forth.

14. Termination

(a) At the expiration or termination of this Lease Agreement, as to any Locomotive or Locomotives for whatever reason, or upon the termination of the Supplemental Agreement in accordance with the provisions thereof, Lessee shall surrender possession of the Locomotives to Lessor by delivering the same to Lessor at Greigsville, New York, at Lessee's cost.

(b) Lessee shall return the Locomotives to Lessor in as good condition as when received, ordinary wear and tear excepted. Prior to a second major overhaul being performed on any one of the Locomotives the advisability of such shall be reviewed and if deemed by Lessee to be not desirable Lessee shall have the option to terminate this lease with respect to such Locomotive prior to its expiration.

(c) In the event that in any calendar year the number of loaded cars to be picked up at Greigsville is less than 3,000 or more than 6,000 then this Lease Agreement shall be renegotiated within ninety (90) days, in a manner satisfactory to Lessor and Lessee, or this Lease Agreement shall terminate.

15. (a) Lessee hereby agrees to indemnify and hold harmless the Lessor and its officers, agents and employees from and against any and all claims, losses, damages, costs and expense based on any loss or damage to property or personal injury or death suffered by any person, firm or corporation (including the parties hereto, their agents or employees) arising out of this Lease Agreement and/or the lease, possession, maintenance, condition, use of presence, delivery or surrender of the Locomotives.

(b) The Lessee hereby indemnifies and holds harmless the Lessor from and against any and all claims, demands, loss, damage, cost and expense arising out of or relating to the damage or destruction of the Locomotives and in the event of such damage or loss, Lessee shall pay to Lessor the lesser of depreciated replacement value of the Locomotive and/or Locomotives and the cost of repairing the Locomotive and/or Locomotives. Said depreciated replacement value shall be calculated as (i) original cost, as evidenced in Appendix "F" attached hereto, plus inflation ("Replacement Value"), calculated in accordance with the schedule provided in the "Producer's Price Index for Railroad Equipment" published by the Bureau of Labor Statistics of the United States Department of Labor less (ii) depreciation to a maximum of 80% of Replacement Value computed at a rate of 6.66% per annum. If Lessee pays depreciated replacement value, salvage of the unit(s) shall remain with Lessee. In the event a Locomotive is destroyed, and Lessee makes payment as required, Lessor shall furnish to Lessee within ninety (90) days a locomotive equivalent to that described in Appendix A, or other locomotive acceptable to Lessee, otherwise this Lease Agreement shall terminate.

16. Representations, Warranties and Covenants of Lessee.
Lessee represents, warrants and covenants:

(a) Lessee is a corporation duly organized, validly existing in good standing under the laws of the state where it is incorporated and has the corporate power and authority, and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Lease Agreement.

(b) Lessee has taken all action required by law, its Certificate of Incorporation, its By-Laws or otherwise to authorize the execution and delivery of this Lease Agreement and this Lease Agreement is a valid and binding obligation of Lessee in accordance with its terms.

(c) The entering into and performance of this Lease Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge security interest or other encumbrance on any asset of Lessee or on Locomotives pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(d) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, final or otherwise, of Lessee.

(e) Lessee is presently solvent and has not committed any act of insolvency or bankruptcy under any federal or state statute; Lessee has not filed and is not presently contemplating the filing of any petition under any bankruptcy, reorganization, moratorium or insolvency law, or any law or laws for the relief of, or relating to, debtors.

(f) There is no fact which Lessee has not disclosed to Lessor, nor is Lessee a party to any agreement or instrument nor subject to any charter or other corporate restric-

tion which will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of Lessee to perform its obligation under this Agreement.

17. This Lease Agreement and the obligation of Lessor to perform hereunder are contingent upon:

(a) GWI Leasing Corp. obtaining financing for the purchase by GWI Leasing Corp. of the locomotives or a lease of the Locomotives with GWI Leasing Corp., as lessee, all on terms satisfactory to GWI Leasing Corp.

(b) the execution of (i) a Hulk Purchase Agreement between General Electric Company and GWI Leasing Corp. and (ii) an Overhaul and Remanufacturing Agreement between ITEL Corporation and GWI Leasing Corp.

(c) the receipt by Lessor of a favorable opinion of William P. Quinn, Esq., of special counsel to the Lessee, that the undertaking of Lessee under this Lease Agreement and a certain Supplemental Agreement between Lessor and Lessee of even date herewith which deals with waybilling settlements and related matters and the transactions agreed to be performed by Lessee hereunder or thereunder are not in violation of the Interstate Commerce Act, as amended, or any rules or regulations promulgated thereunder and do not require the prior approval of the Interstate Commerce Commission or any other federal or state regulatory agency.

(d) Lessor shall promptly certify to Lessee that the financing or documents specified in subparagraphs (a) and (b) have been obtained

18. Miscellaneous

(a) The Lessee agrees to pay all out of pocket expenses of the Lessor in connection with any filing or procedure necessary to perfect or insure the protection of the Lessor's interest in the Locomotives.

(b) This Lease Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of Lessor assign this Agreement or any of its rights hereunder or sublease the Locomotives to any party, and any purported assignment or sublease in violation hereof shall be void. If the Lessee, or any successor or assign, assigns any interest in this Lease Agreement, either with the prior consent of Lessor or as permitted by operation of law (including but not limited to bankruptcy laws) or otherwise, and Lessee, or any successor or assign, is paid any compensation or consideration for or in connection with such assignment, then such compensation or consideration shall be additional rent hereunder and shall be paid directly to Lessor.

(c) Both parties agree to execute any documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by Lessor in connection with the acquisition of the Locomotives in order to confirm the financing party's interest in and to the Locomotives and this Lease Agreement, and to confirm the subordination provisions contained in Section 5 hereof.

(d) It is expressly understood and agreed by the

parties hereto that this Lease Agreement constitutes a lease of the Locomotives only and no joint venture or partnership is being created. Notwithstanding the nature of the rent, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Locomotives except as a lessee only.

(e) No failure or delay by Lessor shall constitute a waiver or otherwise affect or impair any right, power or remedy available to Lessor nor shall any waiver or indulgence by Lessor or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(f) This Lease Agreement shall be governed by and construed according to the laws of the State of New York.

(g) All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the date first written above.

ATTEST:


(L.S.)

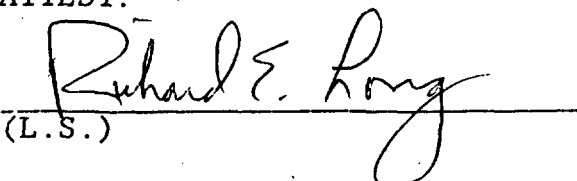
LESSOR

GENESEE AND WYOMING RAILROAD
COMPANY

By

 Chairman
CEO

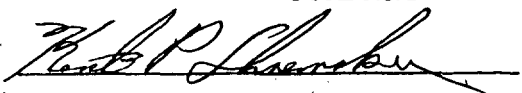
ATTEST:


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LESSEE

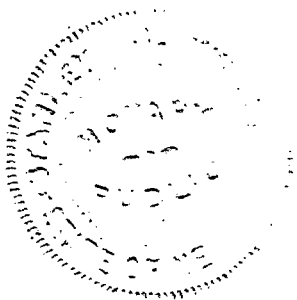
DELAWARE AND HUDSON RAILWAY
COMPANY

By



STATE OF *New York*)
COUNTY OF *Albany*) ss.:
CITY OF *Albany*)

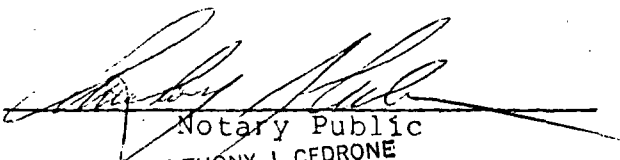
On this *1st* day of *November*, 1979, before me personally came *Kent D. Shremaker* who being by me duly sworn, did depose and say: that he resides in *Boulderland, N.Y.*, that he is *President of* Delaware and Hudson Railway Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed is said corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.



Stanley J. Turner
Notary Public

STATE OF *CONN*)
COUNTY OF *HARTFORD*) SS.:
CITY OF *GREENWICH*)
TOWN

On this *7th* day of *NOVEMBER*, 1979, before me personally came *MORTIMER B. FURCH III*, who being by me duly sworn, did depose and say: that he resides in *PYB, NEW YORK*, that he is *CHAIRMAN* & *C.E.O.* of Genesee and Wyoming Railroad Company, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed is said corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.


Notary Public
ANTHONY J. CEDRONE
Notary Public
MY COMMISSION EXPIRES MARCH 31, 1984



Appendix A

Specification HTF-004

WPC 4247A-59 (PF)

Ref. ITEL C420 & C424

ITEL CORPORATION

RAIL DIVISION

for

GENESEE AND WYOMING RAILROAD COMPANY

SPECIFICATION

for

THE REMANUFACTURE

or

ALCO MODEL C420 DIESEL ELECTRIC LOCOMOTIVES

by

GENERAL ELECTRIC COMPANY

EASTERN APPARATUS SERVICE DEPARTMENT

PHILADELPHIA, PA 19102

GENESEE AND WYOMING RAILROAD COMPANY

INTRODUCTION

The work performed under this specification is divided into two (2) categories of "Basic Work" and "Extra Work". "Basic Work" is that which is required to recondition or overhaul the locomotives to in-kind characteristics. "Extra Work" is that specified as alternates, as substitution of new material, or performance, or of other specifically noted work as indicated in the last half of this specification. These items can be added, as desired, by the user, at the time of order.

It is planned to restore this power to another life cycle through complete rebuild.

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 84

- 4

Office of
Chief Mechanical Officer
October 24, 1979

I. LOCOMOTIVE BASIC OVERHAUL

- A. The locomotive will be received and inspected to determine basic condition and major missing parts and components. This inspection will be conducted jointly by representatives of the Buyer, ITEL Corporation and the General Electric Company.
- B. The locomotive will be disassembled into its major components.
- C. All reusable components will be cleaned and inspected using the original manufacturer's specifications.
- D. Paint will be removed/^{as required} from hood and cab surfaces above platform. All rust will be removed, all necessary sanding & grinding to be performed and a metal preservative coating will be applied prior to prime coat application.
- E. Upon completion of the rebuilding process, all components will be assembled into a complete locomotive.
- F. Completed locomotive will be serviced and tested, using the stationary load test facility. This testing will be conducted jointly by the Buyer, ITEL Corporation and the General Electric Company representatives.

II. LOCOMOTIVE CARBODY

- A. Steps, handrails, walkways between units, sand boxes and pipes, underframe piping, coupler levers, will be repaired as required.
 - 1. End steps (footboards) will be removed.
 - 2. FRA "Switching Step" modification will be applied covering side step area and uncoupling lever operation.
- B. The short nose hood, engine hood, auxiliary hood, if used and radiator compartment will be removed from platform.
 - 1. Cab doors will be repaired including hinges and latches.
 - a. Engine hood door latches and hinges will be repaired or replaced as required.
 - 2. Dents that can be corrected, using body compound will be cleaned and filled.
 - 3. Minor cracks will be grooved, welded and ground smooth.

4. Adhesive-backed tread material will be applied to areas needed for window cleaning operations.

I.D *

- *5. Engine exhauster will discharge on same side of cab on which the exhauster is mounted

C. Operators Cab

1. Cab will be cleaned in place on the platform.
2. Windows and weather stripping will be replaced using Triplex or Sierracin RT-5000 glazing front and rear and 3/8" Levan MR4000 shall be installed in all side windows.

III.B

- *3. Cab seats will be replaced or rebuilt as necessary. Third seat optional at extra cost.

*II.K

4. The cab heaters will be removed, core repaired motor rebuilt and reappplied. Cab heater piping will be connected to the diesel engine water drain system.
5. Windshield wipers shall be removed and reworked.
6. See 11 thru 16.
7. Cab insulation will be repaired or replaced.
 - a. Contactor compartment door hinges and latches repaired or replaced as required and insulation, gaskets on doors renewed.
8. Cab lining will be repaired as required.
9. New Benelex cab floor will be installed.
10. Cab shall be furnished with card holder (PP 107 22).
11. Master Controller shall be rebuilt using new tips, shunts and springs as required.
12. All switches will be qualified and have new condition appearance. New 4 1/2" Air Gauges, AAR loadmeter and lever operated whistle valve shall be applied. (Part of AAR "Clean Cab" option)

*This item is modified. Refer to "Optional Equipment-Extra Work" section.

13. Salem 616-01034 bell ringer valve shall be applied.
14. Control stand will be cleaned and necessary structural repairs or modifications made.
15. Sanding control console to customer's spec.
16. Lead axle sand and power control open indicating lights shall be applied on control stand.

D. Locomotive Platform

1. Platform will be cleaned, inspected for distortion, cracks and damage and repaired as required. (Special attention to integrity of sump to preclude oil leakage into T.M. air duct.)
2. Platform will be modified as required to suit engine.
3. Center pin wearplates will be replaced.
4. Couplers and draft gears will be removed, inspected and qualified.
 - a. New pins and bushings will be applied.
 - b. New wearplates supplied for coupler height adjustment.
 - c. Type "E" coupler, top operated, will be standard equipment.
5. New traction motor air ducts will be applied.
6. Apply weights and gaskets to sand box covers.
7. Modify sand box to sand trap piping as required.

III. LOCOMOTIVE TRUCKS

- A. Trucks will be disassembled and all parts thoroughly cleaned.
- B. Truck frames will be checked for tram, straightened or replaced as required.

- C. Truck pedestal liners, side bearing wearplates and center plate wear rings will be replaced.
- CC Equalizers will be salvaged to D&H Drawing V42000 and annealed if needed.
- D. Brake rigging pins and bushings will be replaced. Brake shoeheads will be repaired. New brake shoes and keys will be supplied (unflanged short brake shoes).
 - 1. Clasp brake rigging will be retained as standard.
 - 2. New or reworked Touchstone "Quik-Just" slack adjusters will be applied.
 - 3. Rubber motor nose suspensions are supplied as standard.
 - 4. New traction motor suspension bearings, dust guards will be supplied (narrow window - 1/16" maximum undersize).
- E. Truck coil springs will be checked and matched for reassembly. Broken or sagged springs will be renewed.
- F. Elliptical springs will be cleaned, inspected and qualified. (Pin end springs not permitted.) Broken springs will be replaced.
- G. Axle bull gears will be inspected, tested for defects and qualified for reuse or replaced if necessary.
- H. Motor support lugs will be repaired.
- I. Brake cylinders will be rebuilt, using new cups, filters, gaskets, packings and "O" rings (10" cylinders are preferred).
- J. Gear cases will be cleaned, inspected and repaired or replaced as required.
- *II B K. All wheel assemblies will be removed from the locomotive and completely reconditioned. Wheel and axle sets, following latest manufacturer's and AAR Wheel Shop practices, will be applied. (Maximum 1/16" undersize motor support bearing journals.)

- L. Wheels having 2" or more rim thickness after contouring will be reused. New rubber sand nozzles shall be applied.

IV. DIESEL ENGINE

*I. A-G

- A. Diesel engine will be "unit exchanged" with original manufacturer or reconditioned to "Unit Exchange" specifications by the OEM.

V. ELECTRICAL EQUIPMENT

A. Traction Motors (Model 5GE752)

1. Each unit received will be given a basic overhaul to the Apparatus Service Business Division standards, including disassembly, cleaning, vacuum pressure impregnation, commutator undercutting, and dynamic balancing. The frame will be flood-dipped. The assembled unit will be tested in accordance with Volume X, Book 2, Section 600.
2. As the unit is reassembled, new armature bearings, carbon brushes and reconditioned brush holders will be used and pinion if required. All gearing to be 74:18.

B. Traction Generator (Model 5GT564)

1. The generator will be given a basic overhaul as described below and upgraded to Model E2 or E1 and latest style oiler gear and support applied.
2. The armature and frame will be treated in the same manner as the traction motor described above.
3. During reassembly, new bearings and brushes will be applied using reconditioned brush holders. Brush grade T888.

C. Auxiliary Generator and Exciter (Model 5GY27)

1. These devices will be given a basic overhaul as described above.
2. On reassembling the machine, new brushes, bearings and reconditioned brush holders will be used.

D. Traction Motor Blower and Power Take-Off (Gear Unit)

1. These devices will be given a basic overhaul after disassembly, cleaning and inspection. Impeller wheel will be inspected and replaced if necessary.

E. Dynamic Braking Equipment

1. Equipment shall be disassembled, cleaned, inspected and tested. New insulators and grid resistors applied as required.
2. Blower fan and motor assembly will include a basic overhaul in same manner as V. A-1 above.

VI. CONTROL EQUIPMENT AND WIRING

A. High Voltage Cabinet

1. The locker will be rebuilt as a complete unit.
 - a. All components will be removed and rebuilt, using new tips, shunts, springs and hardware where required. Pneumatic cylinders will be repacked.
 - b. Qualify all switching relays and resistors.
 - c. Qualify interlocks and magnet valves.
 - d. Interior of cabinet will be repainted a glossy white.
 - e. Rewire all control wiring, using materials as specified for a new General Electric locomotive.
 - f. Aluminum power cable will be replaced with copper cable (1925/24). Reused copper cable will be Hi-pot tested and renewed as required. Splices not permitted.
 - g. New air hoses will be applied to pneumatically operated devices.

h. Retain General Electric Model 17FH20 voltage regulator.

B. Batteries

New Exide MS420 battery shall be applied.

C. Battery Box

New battery box flooring will be applied (grating) and new wood spacers used. New battery connections will be applied.

D. Miscellaneous

1. The multiple unit receptacles (27 pin) will be retained. Plug and wire unit will be renewed if required.
2. Rewire all control wiring, using materials as specified for a new General Electric locomotive.
3. All axle generators shall be overhauled and reapplied using splined rubber drives.

VII. AIR SYSTEMS

*I

A. Compressor

1. Compressor will be rebuilt to original manufacturer's specifications, using new gaskets, seals, rings and bearings.
2. The filters will be replaced with a dry element disposable type (Farr Pamic or Donaldson).
3. The air compressor governor switch will be tested and qualified.

B. Air Piping

*II L,J,H

1. Piping will be inspected and cleaned as required.
2. New gaskets and seals will be used.

C. Air Brake Equipment (26L Schedule)

1. All air brake devices will be removed, rebuilt, tested and reapplied.
2. All Sloan type cut out locks (ball type) will be applied to the train line.

3. Locomotive will be/certified for the FRA (24 month test).

D. Other Air Actuated Equipment

1. Main and equalizing air reservoirs will be qualified.
2. All piping will be repaired and tested.
3. Sanding magnet valves will be reconditioned.
4. See VIII J, K.
5. All air brake hoses will be replaced.
6. Modify system to provide 30 to 60 seconds emergency sanding from a pressure switch.
7. Automatic drain valves will be reconditioned or renewed.
8. Gauge test fittings will be retained.

VIII. ACCESSORIES

- A. Radiators will be removed, cleaned, tested and repaired, using new gaskets for application.
- B. Radiator shutters will be reconditioned and modified to gravity type.
- C. The eddy current clutch and gear box arrangement will be given basic overhaul. The cooling fan blades shall be torqued.

D. Engine Subsystems

1. Remove, clean and recondition the lube oil cooler core and reapply. (Cover modification if required.)
2. Clean, inspect and test the lube oil filter tank, install new gaskets and elements. (Flat filter tank cover not permitted. Bypass modification required.)
- 2a. Furnish and apply duplex gauge to read filter in - filter out pressure.

- 2aa Delete plugin engine base. Apply ball valve and plug below deck at lube oil drain.
- 3. Recondition the fuel pump motor assembly using new seals, gaskets, bearings and brushes. A new coupling will also be used.
- 3a. Recondition or renew drive couplings both sides of compressor.
- 4. Apply new temperature control thermostats. Sundstrand Data non-Adjustable.

II R,S

- 5. Inspect and modify expansion tank as required. Inspect, qualify or renew all fluid systems piping. Reconnect using Aeroquip "Flexmaster" couplings where flexible couplings are required. Replace globe and gate valves with ball type.
- 6. Clean and inspect fuel filter assemblies and apply new elements.

*II G

- 7. Air Filters for Equipment Ventilation
Remove hydraulic fan motor and pump and inertial separator. Apply disposable media panel filters on each side of locomotive.
- 8. Air Filter for Diesel Engine Intake
Original inertial-oil bath filter arrangement shall be removed. American Air Filter (AAF) "Amer-Kleen" bag type air intake filters, AAF housing kit with 4 AAF elements shall be applied.

E. Fuel Tank

The fuel tank will be removed, cleaned, inspected and flushed. It will be air tested for leaks and repaired as required. Fuel level indicators will be repaired or replaced as required.

F. Control Stand

Refer to Section IIC.

- G. Hand brakes shall be removed, qualified and re-applied.
- H. Headlights, number boards, marker lights will be inspected, tested and replaced where required.
- I. Two (2) 20-lb. dry type fire extinguishers will be supplied and mounted.
- J. Refer to Section IIC.
- K. Refer to Section IIC.

IX. LOCOMOTIVE TEST

- A. The complete locomotive will be tested and inspected with the Customer, Itel Corporation and General Electric representatives present.
 - 1. FRA air brake test.
 - 2. High potential and circuit continuity test.
 - 3. Load test.
 - 4. Operational checks of all equipment.

X. PAINT AND SUPPLIES

- A. Prime paint all surfaces as required.
- B. Trucks will be painted black.
- C. The operating cab interior will be painted gray, engine and hood interior gray, short hood and electrical lockers interior white.
- D. Locomotive exterior paint per customer's spec.
- E. Locomotive to be completely serviced with lubrication and fuel oil for final test, drained before shipment. (Unless live shipment can be arranged). Furnish operating handles and one (1) MU jumper per locomotive.

XI. LOCOMOTIVE SERVICE

A. A Service Engineer will be available for initial locomotive start-up.

OPTIONAL EQUIPMENT - EXTRA WORK

I. DIESEL ENGINE (Modifications per D&H Specifications)

- A. Lube oil pressure relief valve mounted integral with pump.
- B. Separate lube oil valve to be mounted on base.
- C. Provide water cooled gas inlet on turbocharger.
- D. Furnish oil separator and pipe crank case exhaustor for connection to exhaust stack eductor.
- E. Install Wix fuel filter.
- F. Include Delaware and Hudson Railway Co. engine piston ring combination.
- G. Install Woodward PGR governor with pressure bias (fuel limit) control.

II. MISCELLANEOUS ITEMS (Modifications per D&H Specifications)

- A. Make control circuit alterations to suit D&H specifications and Woodward governor. Detail is contained in attached list and in marked schematic diagram.
- B. Equip all axles with Type GG journal bearings.
- C. Include self-load feature.
- D. Install plug-in type blue face card, wheelslip, and excitation control panels.
- E. Install Buckeye fuel filler Type G1220P. **
- F. Install Motorola radio per attached spec. **
- G. Install additional carbody air filter capacity utilizing 20 AAF 20 x 20 disposable media panel filters (10 per side).
- H. (Woodward governor must be specified with the diesel engine. See Item IG above).
- I. Install three 4-valve heads and new design inter-cooler on WABCO air compressor.

- J. Install Salem 824-50 main reservoir filter and Salem 818 auxiliary air filter.
- K. Install Prime electric cab heat sufficient to meet FRA requirement in C.F.R. 49 Rule 229F.
- L. Install excess flow valve, EMD Cat. No. 8330316 between reservoir and MRE line.
- M. Fuel tank supports require inspection only, unless a problem is found.
- N. Install fuel oil heat exchanger.
- O. Fabricate and apply eductor type exhaust stack to suit crankcase exhaust piping furnished on diesel engine.
- P. Modify cooling water piping per drawings furnished by D&H.
- Q. Modify Lube Oil piping per drawings furnished by D&H.
- R. Modify fuel system piping per drawings furnished by D&H.
- S. Modify compressor discharge piping to accommodate WABCOTITE sittings at floor frame.

III. OTHER MISCELLANEOUS ITEMS

- A. AAR clean cab features.
- B. Third cab seat.
- C. Automatic drain on cooling system.
- D. Traction motor cutout switch.
- E. Plugged filter indicator.
- F. Barco speed recorder
- G. Generator field current overload relay
- H. Apply gauge mounting manifold under right front center windshield.

NOTE: Multiple unit control, dynamic brake equipment, 74:18 gearing, 26L Air brake equipment and Touchstone slack adjusters are included in basic specifications.

** Items to be billed directly to Delaware and Hudson
Railway Company.

FEATURES OR DEVICES ADDED

1. GFA relay
2. HER relay
3. Rectifier around P2 Coil
4. Time delay module on TR
5. Dynamic brake cut-out switch
6. Connections for self-load
7. Capacitor around FPC coil
8. Low water light
9. Pressure switch for auto emergency sand
10. Trainline breaker (15A) in MUHL circuit
11. Local control / Engine Stop breaker
12. Generator Field Breaker 30A
13. Double pole knife switch GRCO

Compatability with EMD
 Provide alarm, use ETS same as T1, T2
 Improve timing in backward transition
 Eliminate false forward transition from wheelslip
 To isolate unit in DB only when required
 To test unit w/o load box, also to test DB.
 Eliminate undesired shut downs from LWS, etc.
 To distinguish between low water and hot engine.
 To eliminate manual toggle switch
 To prevent MU headlight setup switch burn out
 To protect "Local Control Positive" circuit "55"
 To replace GFCO (switch) originally used.
 To prevent loading engine with ground relay nullified.

FEATURES OR DEVICES DELETED

1. SR relay
2. DCS Pressure Switch
3. Crankcase exhauster light
4. "SH" interlocks above "RH"
5. Compressor synch. connection
6. Shunt controller

Function performed by NBCR
 Function performed by DMR
 Not required (Whether CCE used or not)
 Not required; function performed by GFA
 Not desired - excess flow valve in MRE line makes unnecessary
 Replace with 3 event transition.

Office of Assistant
 Chief Mechanical Officer
 Delaware and Hudson Railway Company
 September 24, 1979

420 ELECTRICAL

CIRCUIT FEED CHANGES

F2C Stop interlock from 13 to 50
 DMR double interlock " ? to 50
 Comp. Gov. Sw. " 13 to 55
 LWS (both contacts) " 71/? to 55
 OPS in gov. " 71 to 55
 GR light intlk " 13 to 55
 N3CR light intlk " 74B to 55
 T1, T2, ETS " ? to 55
 R1, R2 " ? to 55

OVDR from 13 to 71
 BKCP " 70 to 71
 TH, SH intlks above DMR coil " 16 to 13
 GR intlk top of ERR strong " 13 to 16B
 MU eng. run breaker " 13 to ?
 TH intlks above GFB " ? to 30A

OTHER CHANGES

Change MU to AAR pin assignments
 MU sanding to single wire arrangement
 DMR circuits match schematic furnished
 Controller wiring to match schematic furnished
 Single negative to each main zone
 Negatives wired with a distinctive color wire
 Junction box for governor cable
 New "Start/Prime" switch

Office of Assistant
 Chief Mechanical Officer
 Delaware and Hudson Railway Company
 September 24, 1979

Colonie
October 16, 1979

C. G. MacDermot
Asst. Chief Mechanical Officer

RADICS - ALCO LOCOMOTIVE (LEASED)

Per your telephone conversation with L. C. Smith regarding radios to be installed on three Alco locomotives by the G.E. at Hornell, New York, would you please arrange to see that the following D&H specifications are added to the aforementioned radios.

- (1) R43RT11190 - 45W RR Micor, 4XMIT, 3 REV.
 - T1 - 160.590MHz R1 - 160.590MHz
 - T2 - 160.530MHz R2 - Strap to R1
 - T3 - 160.800MHz R3 - 160.800MHz
 - T4 - 161.070MHz R4 - 161.070MHz
- (1) W623 - AFC - RCV - 3ch
- (1) W11 - Time-out-timer
- (1) W12 - RF Pre Amp
- (1) TCN1196 - Hand Setless Control Head
- (1) TLM-1007 - Rack (AAR)
- (1) TDD-6110 - Excalibur Antenna for 160.800MHz

Note: the above (1) per each locomotive.



P. R. Kross
Assistant Chief Engineer

cc: J. L. Talbot
Director-Corporate Projects

APPENDIX B

CERTIFICATE OF JOINT INSPECTION
(AT COMMENCEMENT OF LEASE)

The undersigned, each for himself, hereby certifies that he is a duly authorized representative of Genesee and Wyoming Railroad Company ("GWRR") or Delaware and Hudson Railway Company ("D&H"), respectively, and that he has been duly authorized to execute this Certificate on behalf of GWRR or D&H, as the case may be, pursuant to Section 6 of a certain Lease Agreement dated as of _____, 1979 between GWRR and D&H (the "Lease").

The undersigned, each for himself, GWRR or D&H, further certifies as follows:

1. The below described Locomotives under lease to D&H have on this date been inspected prior to their delivery under the Lease.

Serial
Number

Locomotive
Road Number

2. The Locomotives set forth above have been delivered to Delaware and Hudson pursuant to Section 6 of the Lease.

The D&H hereby represents and confirms to GWRR that the above described Locomotives conform to the Specifications which are attached to the Lease as Appendix A and the Locomotives

conform to any applicable laws, rules and regulations, including
AAR requirements.

DELAWARE AND HUDSON RAILWAY COMPANY

By: _____

Dated:

GENESEE AND WYOMING RAILROAD COMPANY

_____ By: _____

APPENDIX C

CERTIFICATE OF JOINT INSPECTION
(At Termination of Lease)

The undersigned, each for himself, hereby certifies that he is a duly authorized representative of Genesee and Wyoming Railroad Company ("GWRR") or Delaware and Hudson Railway Company ("D&H"), respectively, and that he has been duly authorized to execute this Certificate on behalf of GWRR or D&H, as the case may be, pursuant to Section 6 of a certain Lease Agreement, dated as of , 1979 between GWRR and D&H (the "Lease").

The undersigned, each for himself, Genesee and Wyoming or Delaware and Hudson, further certifies as follows:

1. The below described Locomotives under lease to D&H have on this date been inspected prior to the expiration of the Lease and found to be in good operating condition acceptable for movement through interchange.

Serial
Number

Locomotive
Road Number

2. The Locomotives set forth above have been delivered to GWRR pursuant to Section 6 of the Lease.

DELAWARE AND HUDSON RAILWAY COMPANY

By: _____

Dated:

GENESEE AND WYOMING RAILROAD COMPANY

By: _____

No. R5625

(CHARTER PERPETUAL)

Organized 1902

THIS POLICY IS NON-ASSESSABLE

The Mutual Fire, Marine and Inland Insurance Co.

Philadelphia, Pa. 19103

Insured's Name

The Delaware and Hudson Railway Company, et al
(See Attached Form for Full Title)

ROEHRS & COMPANY, Inc.

1517 JOHN F. KENNEDY BLVD. 215-563-4325
PHILADELPHIA, PA. 19103

1-7-77

Inception (Mo. Day Yr.)

1-7-80

Expiration (Mo. Day Yr.)

3

Years

It is important that the written portions of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once.

INSURANCE IS PROVIDED AGAINST ONLY THOSE PERILS AND FOR ONLY THOSE COVERAGES INDICATED BELOW BY A PREMIUM CHARGE AND AGAINST OTHER PERILS AND FOR OTHER COVERAGES ONLY WHEN ENDORSED HEREON OR ADDED HERETO.

| AMOUNT | RATE | PREMIUM
IF PAID IN FULL
AT INCEPTION | PREMIUM IF PAID IN INSTALLMENTS | | PERIL(S) Insured Against and Coverage(s)
Provided (Insert Name of Each) |
|---|-----------|--|---------------------------------|--|--|
| | | | Amount Due at
Inception | Amount Due at Each Sub-
sequent Anniversary | |
| \$ As Per Form | \$ Charge | \$ | \$450,000.00 | \$ 450,000.00 | XXXXXXXXXXXXX As Per Forms |
| XXXXXXX | \$ | \$ | \$ 50,000.00 | \$ 50,000.00 | XXXXXXXXXXXXX Attached. |
| Limit of | \$ | \$ | {see End.#2} | \$ | |
| Liability | \$ | \$ | \$ | \$ | |
| TOTAL(S) \$ | | \$ | \$500,000.00 | \$ 500,000.00 | |
| TOTAL PREMIUM FOR POLICY ON INSTALLMENT BASIS | | | \$1,500,000 | | |

| ITEM
NO. | Amount Fire or Fire
and Extended Cov-
erage, or Other Peril | Per Cent of
Co-insurance
Applicable | DESCRIPTION AND LOCATION OF PROPERTY COVERED
Show construction, type of roof and occupancy of building(s) covered or
containing the property covered. If occupied as a dwelling state number of families. |
|-------------|---|---|---|
| | | | |

1. \$ 3,000,000

As Per Forms Attached.

Limit of Liability

Subject to attached Form No(s).

Manuscript

Mortgagee: --

IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN OR ADDED HERETO AND OF the premium above specified, this Company, for the term of years specified above from inception date shown above At Noon (Standard Time) to expiration date shown above At Noon (Standard Time) at location of property involved, to an amount not exceeding the amount(s) above specified, does insure the insured named above and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described herein while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

This is a non-assessable policy and the holder is not subject to any contingent liability or assessment.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents this 29th

day of March, 1977, at Philadelphia, Pa.

Secretary

President

No addition to or alteration or waiver of any provisions of this policy is effective unless in writing and signed by an officer of the Company. Assignment of this policy shall not be valid except with the written consent of this Company.

See Copy of the By-Laws which are printed on Third Page of this Policy and made a part hereof.

3. fully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

7 **Uninsurable** This policy shall not cover accounts, bills, and currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in writing, bullion or manuscripts.

10 **Perils not included.** This Company shall not be liable for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a) enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, provided that such fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; (j) nor shall this Company be liable for loss by theft.

25 **Other Insurance.** Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached hereto.

28 **Conditions suspending or restricting insurance.** Unless otherwise provided in writing added hereto this Company shall not be liable for loss occurring:

31 (a) while the hazard is increased by any means within the control or knowledge of the insured; or

33 (b) while a described building, whether intended for occupancy by owner or tenant, is vacant or unoccupied beyond a period of sixty consecutive days; or

36 (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

38 **Other perils.** Any other peril to be insured against or subject of insurance to be covered in this policy shall be by endorsement in writing hereon or added hereto.

42 **Added provisions.** The extent of the application of insurance under this policy and of the contribution to be made by this Company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

49 **Waiver of provisions.** No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this Company relating to appraisal or to any examination provided for herein.

56 **Cancellation of policy.** This policy shall be cancelled at any time at the request of the insured, in which case this Company shall, upon demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this Company by giving to the insured a five days' written notice of cancellation with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if not tendered) will be refunded on demand.

68 **Mortgagee interests and obligations.** If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be cancelled by giving to such mortgagee a ten days' written notice of cancellation.

74 If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this Company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions

be added hereto by agreement in writing.

86 **Pro rata liability.** This Company shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

90 **Requirements in case loss occurs.** The insured shall give immediate written notice to this Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed; and within sixty days after the loss, unless such time is extended in writing by this Company, the insured shall render to this Company a proof of loss, signed and sworn to by the insured, stating the knowledge and belief of the insured as to the following: the time and origin of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupation, location, possession or exposures of said property since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often as may be reasonably required, shall exhibit to any person designated by this Company all that remains of any property herein described, and submit to examinations under oath by any person named by this Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this Company or its representative, and shall permit extracts and copies thereof to be made.

123 **Appraisal.** In case the insured and this Company shall fail to agree as to the actual cash value or the amount of loss, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty days of such demand. The appraisers shall first select a competent and disinterested umpire; and failing for fifteen days to agree upon such umpire, then, on request of the insured or this Company, such umpire shall be selected by a judge of a court of record in the state in which the property covered is located. The appraisers shall then appraise the loss, stating separately actual cash value and loss to each item; and, failing to agree, shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with this Company shall determine the amount of actual cash value and loss. Each appraiser shall be paid by the party selecting him and the expenses of appraisal and umpire shall be paid by the parties equally.

141 **Company's options.** It shall be optional with this Company to take all, or any part, of the property at the agreed or appraised value, and also to repair, rebuild or replace the property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention so to do within thirty days after the receipt of the proof of loss herein required.

148 **Abandonment.** There can be no abandonment to this Company of any property.

150 **When loss payable.** The amount of loss for which this Company may be liable shall be payable sixty days after proof of loss, as herein provided, is received by this Company and ascertainment of the loss is made either by agreement between the insured and this Company expressed in writing or by the filing with this Company of an award as herein provided.

157 **Suit.** No suit or action on this policy for the recovery of any claim shall be sustainable in any court of law or equity unless all the requirements of this policy shall have been complied with, and unless commenced within twelve months next after inception of the loss.

162 **Subrogation.** This Company may require from the insured an assignment of all right of recovery against any party for loss to the extent that payment therefor is made by this Company.

ROEHRS & COMPANY, INC.

Insurance

1617 JOHN F. KENNEDY BOULEVARD, PHILADELPHIA, PA 19103

215-563-4325

Delaware and Hudson Railway Company
40-44 Beaver Street
Albany, New York 12207

579069

DATE: May 15, 1979

RAILROAD COMPREHENSIVE LIABILITY

(Third Party Bodily Injury and Property Damage, Excluding
Property in the Assured's Care, Custody and Control, Including
Federal Employers Liability Act)

\$10,000,000 Excess \$2,250,000

Effective 12:01 A.M., May 1, 1979-1980

Placed with American Home Assurance Company and other underwriters

(DOCUMENTS WILL FOLLOW)

ANNUAL MINIMUM AND DEPOSIT PREMIUM \$203,000.00

Adjustable @ \$2.68 per \$1,000 Revenues

ROEHRS & COMPANY, INC.

Insurance

1617 JOHN F. KENNEDY BOULEVARD, PHILADELPHIA, PA 19103

215-563-4325

Delaware and Hudson Railway Company
40-44 Beaver Street
Albany, New York 12207

579070

DATE: May 15, 1979

RAILROAD COMPREHENSIVE LIABILITY

(Third Party Bodily Injury and Property Damage, Excluding
Property in the Assured's Care, Custody and Control, Including
Federal Employers Liability Act)

\$10,000,000 Excess \$12,250,000

Effective 12:01 A.M., May 1, 1979-1980

Placed with London Underwriters, Lexington Insurance Company
and other underwriters

(DOCUMENTS WILL FOLLOW)

FLAT ANNUAL PREMIUM \$77,000.00

ROEHRS & COMPANY, INC.

Insurance

1617 JOHN F. KENNEDY BOULEVARD, PHILADELPHIA, PA 19103

215-563-4325

Delaware and Hudson Railway Company
40-44 Beaver Street
Albany, New York 12207

679868

DATE: May 15, 1979

RAILROAD COMPREHENSIVE LIABILITY

(Third Party Bodily Injury and Property Damage, Excluding
Property in the Assured's Care, Custody and Control, Including
Federal Employers Liability Act)

\$2,000,000 Excess \$250,000

Effective 12:01 A.M. May 1, 1979-1980

Placed 100% with The Mutual Fire, Marine and Inland Insurance Co.

(DOCUMENT WILL FOLLOW)

(Based on 80% of projected \$94.6MM revenues)

ANNUAL MINIMUM AND DEPOSIT PREMIUM \$246,000.00

Adjustable @ \$3.25 per \$1,000 Revenues

ROEHRS & COMPANY, INC.

Insurance

1617 JOHN F. KENNEDY BOULEVARD, PHILADELPHIA, PA 19103

215-563-4325

Delaware and Hudson Railway Company
40-44 Beaver Street
Albany, New York 12207

579082

DATE: May 25, 1979

RAILROAD COMPREHENSIVE LIABILITY

(Third Party Bodily Injury and Property Damage, Excluding
Property in the Assured's Care, Custody and Control, Including
Federal Employers Liability Act)

\$15,000,000 Excess \$22,250,000

Effective 12:01 A.M., May 1, 1979-1980

Placed with London underwriters, Lexington Insurance Company
and other underwriters

FLAT ANNUAL PREMIUM \$64,000.00

APPENDIX F

Original Cost of Alco Diesel Electric Locomotives Described in Appendix A

| | <u>Cost per Unit</u> | <u>Cost of all three Units</u> |
|--|----------------------|--------------------------------|
| Purchase Price
Hornell, New York | \$ 35,000.00 | \$ 105,000.00 |
| Overhaul and Reman-
ufacturing Cost | \$348,120.00 | \$1,044.360.00 |
| TOTAL | \$383,120.00 | \$1,149.360.00 |

APPENDIX B

CERTIFICATE OF JOINT INSPECTION
(AT COMMENCEMENT OF LEASE)

The undersigned, each for himself, hereby certifies that he is a duly authorized representative of Genesee and Wyoming Railroad Company ("GWRR") or Delaware and Hudson Railway Company ("D&H"), respectively, and that he has been duly authorized to execute this Certificate on behalf of GWRR or D&H, as the case may be, pursuant to Section 6 of a certain Lease Agreement dated as of November 1, 1979 between GWRR and D&H (the "Lease").

The undersigned, each for himself, GWRR or D&H, further certifies as follows:

1. The below described Locomotives under lease to D&H have on this date been inspected prior to their delivery under the Lease.

| <u>Serial
Number</u> | <u>Locomotive
Road Number</u> |
|--------------------------|-----------------------------------|
| 84554 | 461 |
| 84547 | 462 |
| 84550 | 463 |

2. The Locomotives set forth above have been delivered to Delaware and Hudson pursuant to Section 6 of the Lease.

The D&H hereby represents and confirms to GWRR that the above described Locomotives conform to the Specifications which are attached to the Lease as Appendix A and the Locomotives

conform to any applicable laws, rules and regulations, including
AAR requirements.

DELAWARE AND HUDSON RAILWAY COMPANY

By: Chas. J. Jernick,
Asst. Chief Mechanical Officer

Dated:

GENESEE AND WYOMING RAILROAD COMPANY

May 12, 1980

By: F. J. Paruzzi (Supt. Equip.)